MARTECH

REPLACEMENT SURVEY 2021

Understanding how marketing stacks transformed during the pandemic

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Executive summary

Ever since we coined the phrase "MarTech is marketing" in 2019, it has only become clearer to us that the art of building brand, prospects and customers today cannot be separated from the tools we use to power those activities. But it's also clear that the pace of transformation is leading marketers to continually evaluate their tech stacks as platforms add features and new tools emerge that enable marketers to create, integrate and orchestrate better than before.

The first MarTech Replacement Survey in 2019 showed just how frequently marketing organizations replaced technology. The survey found homegrown platforms were often displaced by commercial, out-of-the-box applications, which had a direct effect on hiring as most respondents cited hiring specialists to run the platforms they were installing.

But since then the COVID-19 pandemic has gripped the world, forcing us to embrace digital operations. We know that many digital businesses thrived during the pandemic, but questions remained about how the disruption of the past year-and-a-half affected technology decisions.

This report, the result of a survey fielded through April and May of 2021, answers several of those questions.

Out of the 374 marketers who answered our survey, 252 told us they replaced a marketing technology application in the past year, representing 67% of respondents. For the most part, organizations were upgrading from one commercial solution to another — and the upgraded solutions were exactly the kinds of solutions you'd expect given how digital transformation accelerated during the pandemic.

This year's MarTech Replacement Survey found that marketers and their organizations:

- **Replaced a wide range of marketing tools**
- **Sought technology with better features and lower costs**
- **Looked to improve their data management capabilities**
- **Saw replacement decisions championed by senior and executive leadership**
- **Retained and retrained talent to manage these new tools**

In the past 18 months, marketers also invested in exactly those tools which support digital engagement with prospects and customers. And when asked if the replacements were driven by pandemic-related considerations, the response was divided.

The data highlighted in this report show that the pace of technology-driven transformation was not slowed by the pandemic. If anything, it picked up speed.

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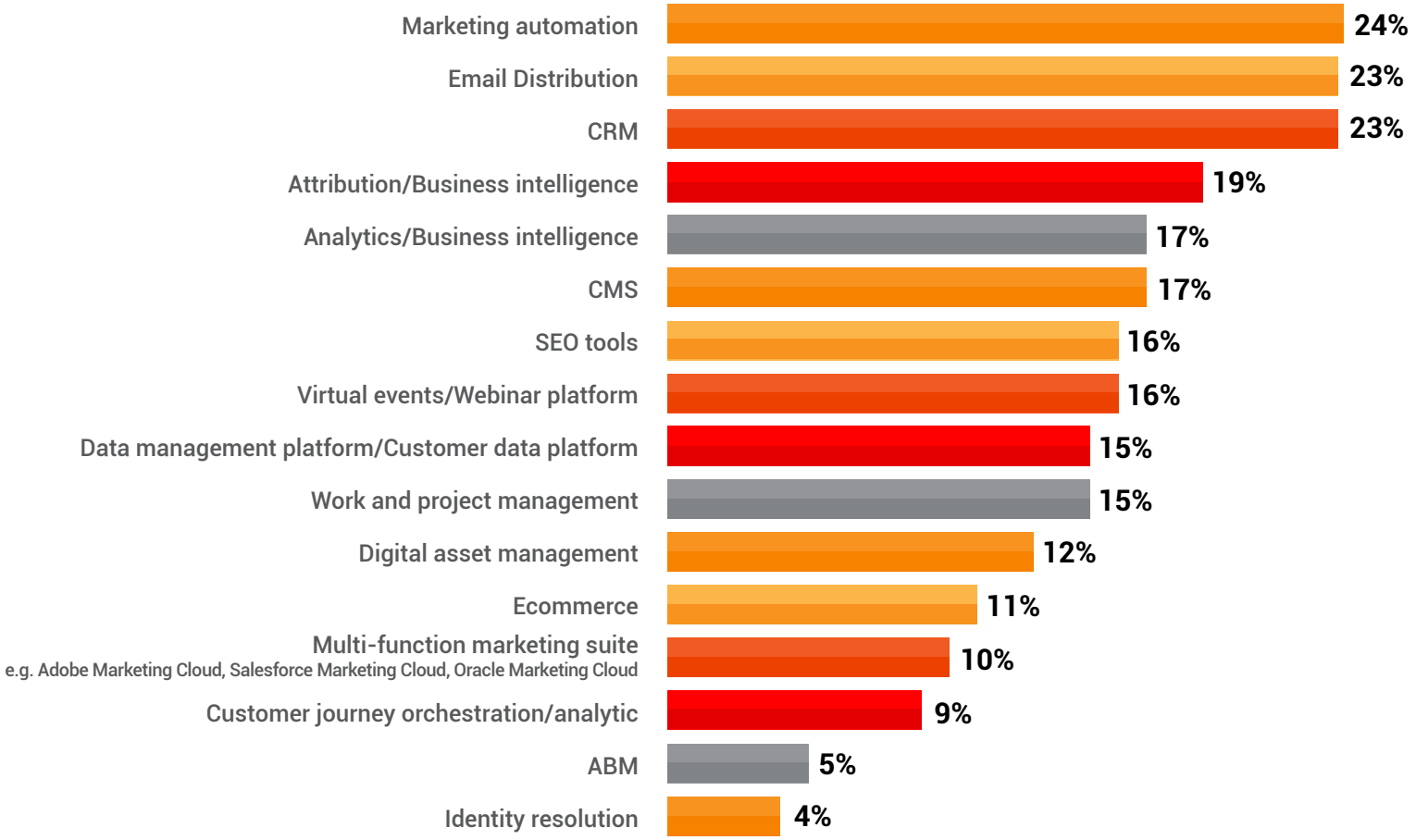
Wide range of marketing tools replaced

The main objective of the survey was to find out the kinds of solutions replaced and the reasons marketers swapped them out. Our data showed that organizations replaced a large range of tools, some very central to marketing activities. Here is the breakdown:



Source: MarTech (martech.org)

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Category analysis

- **Marketing Automation and Email.** The most widely replaced solutions surely reflect the intensified need for digital engagement we've witnessed over the past year to 15 months. Marketing Automation (24%) and Email Distribution (23%) head the list. CDPs/DMPs showed growth, but it wasn't quite as strong (15%). The solutions listed in the 2019 survey were slightly different (the space, of course, changes fast), but marketing automation has topped the list two years running. In contrast, only 6% of respondents reported replacing email solutions in 2019, signaling the greater importance of email in pandemic times. Of course, for many businesses, marketing automation acts as their email solution.

- **CRM.** The number three solution replaced was CRM (23%), which was surprising because while B2B businesses especially had good reasons to acquire a CRM in 2020, it's not as clear why existing CRMs needed replacing. The most likely explanation relates to the increasingly digital nature of the B2B purchase journey and the need to execute data-driven engagement at the right touchpoints. The results suggest that a lot of the CRMs previously in place didn't support that need. It's also possible that the replaced CRMs were not playing well with execution solutions like Marketing Automation.

- **Virtual and remote.** Predictably, there were upgrades for virtual event management (16%) and for those kinds of workflow tools which might not strictly be marketing-specific, but which help distributed marketing and marketing operations teams get their work done (15%). It will be interesting to see a year from now whether those solutions will still be valued; we're guessing that in a hybrid real/digital world the answer is yes.

- **E-commerce and CMS.** With so many B2B organizations compelled to offer digital support for the purchase journey, and even self-serve options in categories previously strongly driven by in-person contact with sales, we might have expected to see more focus on e-commerce solutions or the CMSs that support e-commerce and other digital content. 17% did replace their CMS, 11% their e-commerce solution. Digital asset management (12%) is also part of the content marketing stack. Because of the rapidly-increased importance of content, this might be taken as an indication that organizations were largely happy with what they had.

Replacement case:

Going headless

Thomas Prommer, a marketing and technology consultant, acts as senior technology advisor for a $500-plus million retail company. This year, his client replaced a commercial CMS with a commercial headless model.

"We were moving toward a headless CMS, and away from enterprise closed-source walled gardens like Salesforce and Adobe and more toward a pure play," Prommer said. With ongoing migrations, the organization prefers a modular set of tools vs. single-vendor ecosystems.

"The ecosystems will be best-of-breed for particular digital capabilities, including personalization and messaging," said Prommer. "In this world, you don't get all your services from one provider."

Prommer said his organization seeks out the best-of-breed in each category, like personalization and messaging. He sees this trend toward modular ecosystems picking up steam in organizations that favor innovation, like retail and media, compared to industries like finance that tend to lag.

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- **Audience and intelligence.** Other replacements hitting double figures were Attribution/Performance Tools at 19%; Analytics/Business Intelligence (17%); and SEO Tools (16%). With the pandemic leading to more digital focus, businesses with the budget focused on digital advertising. So it is not surprising that marketers replaced performance tools. SEO also became hugely important for companies as digital presence became the only storefront that mattered during the height of the pandemic. And with increased emphasis on digital activities, we suspect organizations sought more robust analytics platforms to monitor ROI. However, Customer Journey Orchestration/Analytics (9%) might have been expected to rank higher. That's something that must play a greater role as channels continue to proliferate.

- **Fearless replacements.** Given the investment in cost and time implicated in replacing a multi-function marketing suite like those offered by Adobe, Oracle and Salesforce, it is notable that almost 10% of respondents did replace one in the period covered by the survey. That indicates a heavy financial investment, possibly including implementation consultants, and a heavy investment of person-hours too.

- **Untouched?** The least replaced solutions on our list related to ABM and Identity Resolution. Given the importance of ABM, especially to B2B marketers, that might reflect satisfaction with existing solutions, or possibly a lack of significantly differentiated alternatives for organizations not looking to upscale to an enterprise solution. Identity Resolution might not be viewed as a separate tool from a CDP or DMP.

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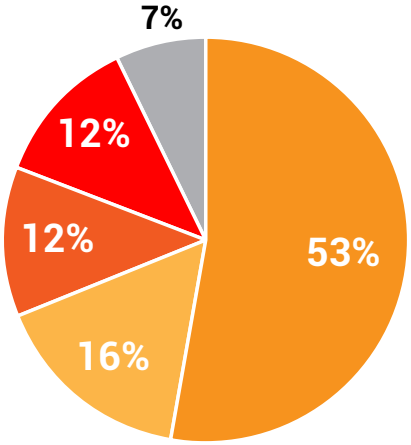
Marketers sought better features, lower costs

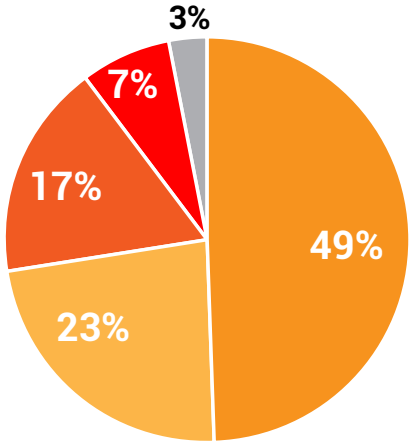
Why are you upgrading this homegrown application?



2021

- Better features from SaaS software
- Too expensive to maintain
- Management decided we're not a software company
- Outdated code
- Other

N=121

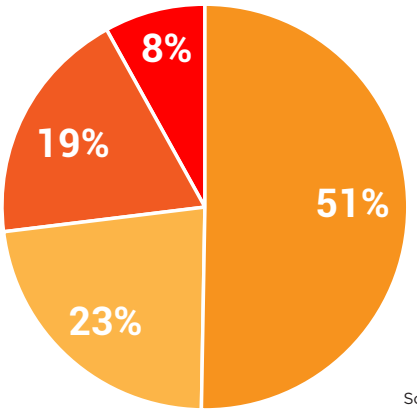


2019

- Better features from SaaS software
- Management decided we're not a software company
- Too expensive to maintain
- Outdated code
- Other

N=162

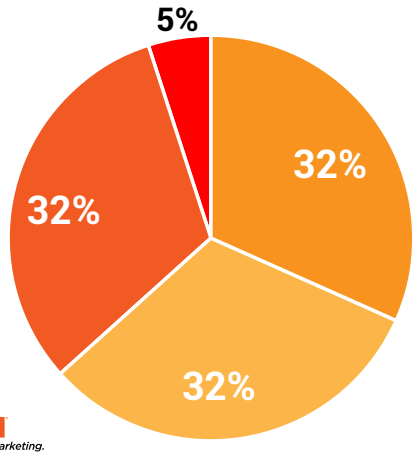
Why did you replace this commercial application?



2021

- Better features
- Reduce expenses
- Better/easier integration
- Other

N=180



2019

- Better features
- Better/easier integration
- Reduce expenses
- Other

N=165

Source: MarTech (martech.org)

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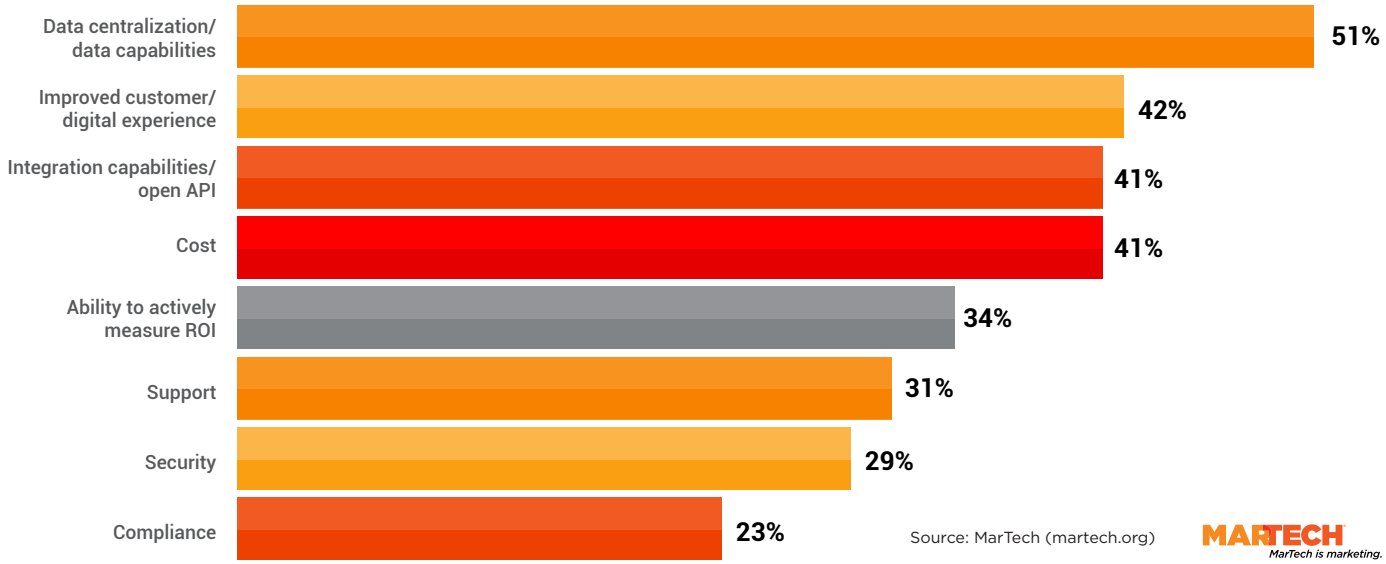
In the 2019 survey we saw a mix of homegrown, legacy solutions and commercial solutions being replaced. This time, however, more than half the respondents reported moving from one to another commercial solution. On the other hand, around 30% did move from a commercial or an existing homegrown solution to another homegrown solution — so IT and DevOps teams that manage these platforms still have a role to play.

But whether homegrown or commercial applications were being replaced, features trumped cost. In each case, more than 50% said the replacement was driven by better features, although around 41% did cite cost as the reason for migrating solutions. Over 70% were replacing a solution that had been in place between one and five years. The peak period for replacement (3 to 5 years) remained the same as in our 2019 survey.

We drilled down further into the factors that meant most to the replacers. Because multiple choice answers were permitted, cost showed much more strongly. Clearly respondents were prepared to cite cost as important as well as more substantive features. For better or worse, compliance and security were somewhat down the list.

“But whether homegrown or commercial applications were being replaced, features trumped cost. In each case, more than 50% said the replacement was driven by better features, although around 23% did cite cost as the reason for migrating from one commercial solution to another.

Data capabilities lead in reasons for switching



Source: MarTech (martech.org)

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Total respondents: 177

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Significantly, beating cost were two closely associated factors: data centralization/data capabilities (number one at 51%) and being able to deliver an improved customer/digital experience (at second place at 42%). It's hard to deliver the latter unless you're on top of the former. Also 41% cited integration capabilities/open API, because people don't want to acquire new silos.

> It's difficult to compare the factors motivating change in detail, as the 2019 question was not multiple choice, but it's interesting to note that compliance was at number one (22%) — perhaps indicating that brands were still adjusting to GDPR.

In 2019, cost had ranked precisely alongside features and integration capabilities as the reason to replace commercial applications. It's difficult to compare the factors motivating change in detail, as the 2019 question was not multiple choice, but it's interesting to note that compliance was at number one (22%) — perhaps indicating that brands were still adjusting to GDPR.

Replacement case:

Negotiating for price cuts

The marketing operations and sales teams at personal experience gifting platform Alyce were looking for data enrichment for B2B sales. Their platform focuses on delivering corporate gifts that grow B2B relationships, and in order to reach their own target, they needed to boost their business data with a new vendor.

"We were using enrichment primarily around industry and employee size," said Kanako Tone, marketing operations manager at Alyce. "Employee size tends to be wrong, especially for companies below 1,000 employees. They tend to be different from what some public sources say."

Alyce had been using ZoomInfo for business data, and they continue to use it for some data needs. For data enrichment, they considered LinkedIn Sales Insights and LinkedIn Sales Navigator. They also looked at another data enrichment vendor that quoted Alyce a significantly lower price than LinkedIn.

"We were about to go with the other vendor, but first we went back to the LinkedIn sales rep and they slashed their prices," said Tone.

There were other features that were attractive to the B2B marketing and sales teams at Alyce. For instance, the LinkedIn data enrichment includes the number of employees in a particular organization who are on the marketing team.

"For marketing teams that have 20 people versus those that have five, how we should target these teams is completely different," Tone said. Ultimately, Alyce found the data to support their nuanced B2B strategy by encouraging the vendors to compete for lower pricing.

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Replacement champions are at the top

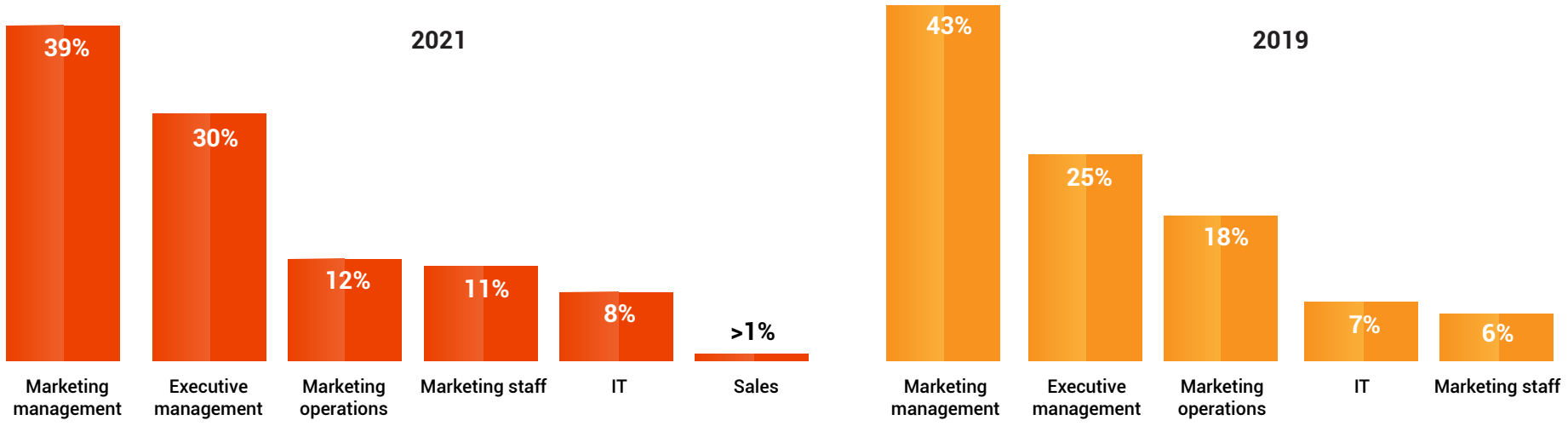
We decided to ask who championed the replacement instead of who in the organization made the final decision. The final decision-maker is often the individual who owns the budget and cuts the virtual check; we were interested in who the advocates for change were.

Two groups stood out: executive management at 30% and marketing management at 39%. There is a possible source of bias here if people are likely to place a high value on their own role: these were the two largest self-identified groups taking the survey.

It's striking that marketing operations were identified as the champions by only 12%. Here there's a possible flaw in the data. It's conceivable that some marketing operations managers might have decided to group themselves with marketing managers for the purpose of this question. Whatever the case, this result is surprising.

> The final decision-maker is often the individual who owns the budget and cuts the virtual check; we were interested in who the advocates for change were.

Who in your organization championed the upgrade?



Source: MarTech (martech.org)

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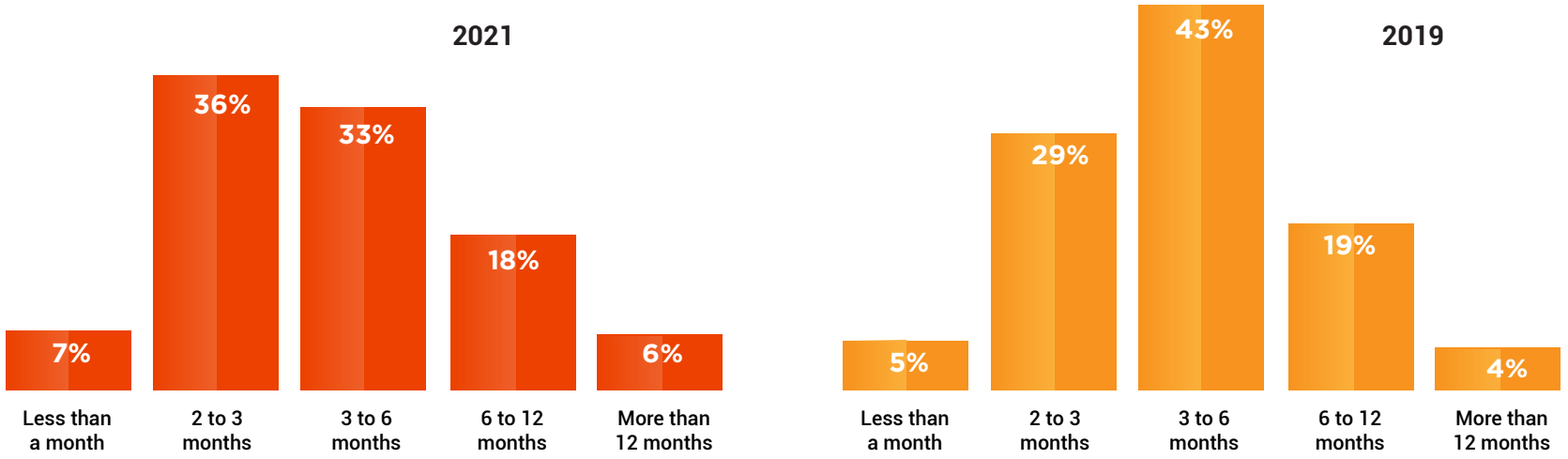
How many months was the upgrade under consideration before it was approved?



Source: MarTech (martech.org)

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It's worth noting that decisions were made more quickly than in the previous year's survey, the trend now leaning slightly more toward two to three months than three to six months. This acceleration of decision-making among businesses is consistent with what vendors have told us as we have researched our MarTech Intelligence Reports. One vendor described customers as "rapidly accelerating" their digital transformations, while another said the COVID pandemic "has acted as [a] forcing function driving the rapid adoption of a broad range of technology at an unprecedented scale."

> "It's worth noting that decisions were made more quickly than in the previous year's survey, the trend now leaning slightly more toward two to three months than three to six months.

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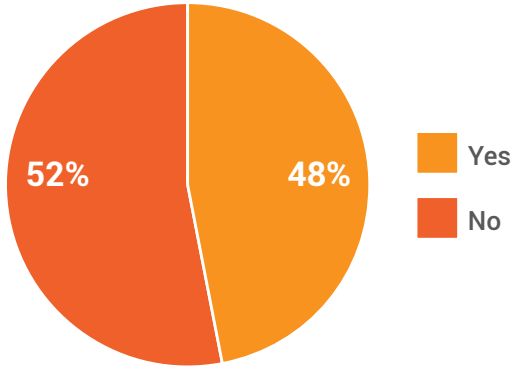
The pandemic was a major influencer

Did conditions brought about by the COVID-19 pandemic factor into this replacement decision?



Source: MarTech (martech.org)

Perhaps even more surprising is what people said when we asked whether conditions created by the COVID-19 pandemic factored into the replacement decision. The audience was split, the slight majority (52%) favoring no. That's close enough to be a virtual tie.

It's surprising because the general perception is that the events of the last year to 15 months created an environment where brands needed to vastly accelerate a digital transformation which, for many of them, was already underway. It was a period when brands were under compulsion to find new and effective (and empathetic) ways of engaging with customers who were no longer showing up to in-person meetings and demos or visiting brick-and-mortar retail locations.

The kinds of replacements we've seen — marketing automation, email delivery — seemed consistent with the pandemic-related digital transformation story. But perhaps that's too simple. Perhaps we're really looking at a realization of plans which were underway before COVID-19, and which were driven by other considerations.

Replacement case:

Consolidating project management

Three years ago, when Casey Bolduc joined Massachusetts-based solar power company ACE Solar, project management was not tied to a central tool.

"A lot of the industry runs off of spreadsheets," Bolduc said. "One of my main missions was to get my team onboard, and streamline and automate to make more efficiencies. I had a lot of flexibility with integrations, ensuring that things can get integrated, not only on the marketing side, but with operations."

Bolduc opted for Scoop Solar, a project management solution geared specifically toward the solar industry. Managing workflow and projects on a single platform eliminated manual email communications and the sharing of data in a disjointed way.

ACE Solar executes solar energy projects for commercial and residential buildings throughout New England. Depending on which state the project is in, there are a number of forms that need to be found by contractors and others involved. All of these forms are easily accessed through Scoop.

Having a unified workflow means that marketing can work with operations out on the field. For instance, a picture of a new project can be used by marketing to show other prospects.

"We had already been doing remote site visits and assessments," Bolduc said. "COVID-19 actually made it easier, with people setting up appointments on Calendly and meeting over Google Meet."

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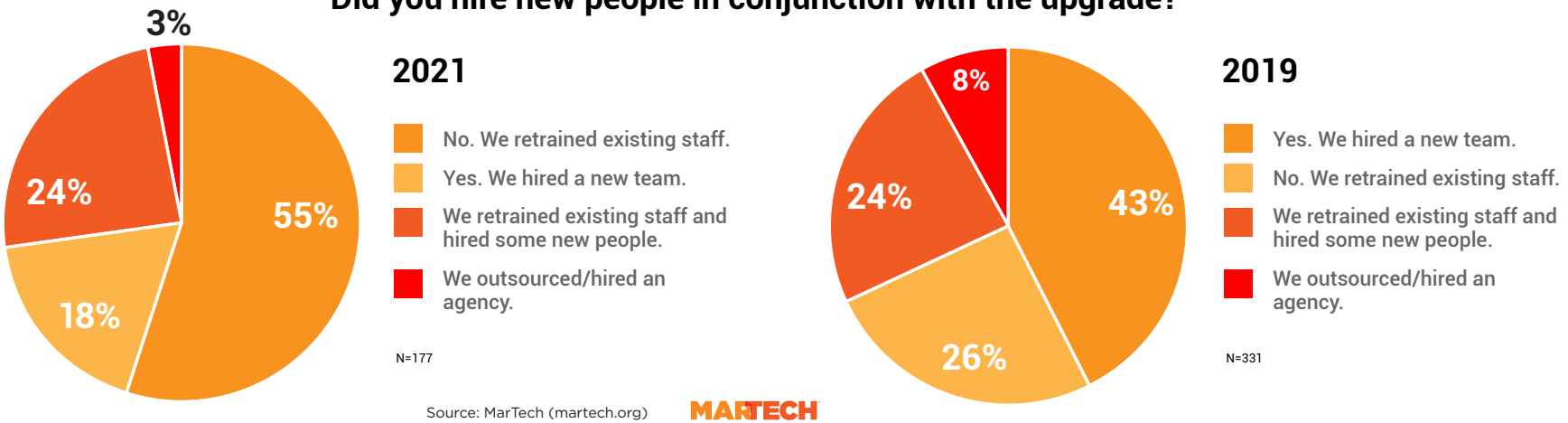
With hiring paused, retraining teams took precedence

Did you hire new people in conjunction with the upgrade?



Source: MarTech (martech.org)

Let's conclude with one big change between the 2019 and 2021 surveys. When asked whether new staff were hired in conjunction with the replacement, no fewer than 43% of the respondents in the 2019 survey reported hiring a new team. Only 26% retrained existing staff, while 24% took a mixed approach.

In this latest survey, the answer is dramatically different. 55% retrained the existing team. 18% only hired a new team. 24% reported a mix of new-hires and retraining, while relying on an outside agency was down from 8% to 3%.

We didn't ask whether this decision was related to the pandemic, but it's easy to imagine that this was a period to avoid casting people adrift or adding headcount in uncertain economic weather.

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Replacement case:

Building a homegrown video player

Full-service ad management platform Mediavine manages the digital ad load for some 8,000 publishers. Last year, in the midst of pandemic lockdowns, a good number of advertisers pulled out, straining publisher budgets across many categories, including travel and consumer packaged goods.

At the same time, audiences were consuming much more digital content. But what was the point in running a toilet paper ad when no rolls were in stock?

"We tried to figure out what we could do to get creative and boost revenue for our partners," said Mediavine's SVP of Sales and Revenue Phil Bohn.

Rather than purchasing an out-of-the-box solution, Mediavine decided to build their own outstream video player, a type of technology that allows publishers to serve video ads without producing any video content of their own.

"We probably doubled our engineering sources over the last year, hiring over 40 people and currently filling another 15 open positions," Bohn said.

"With increased inventory and lack of demand during the pandemic, we created an in-house PSA program," he added. If no ads are serving through a particular ad slot, publishers can choose to run PSAs.

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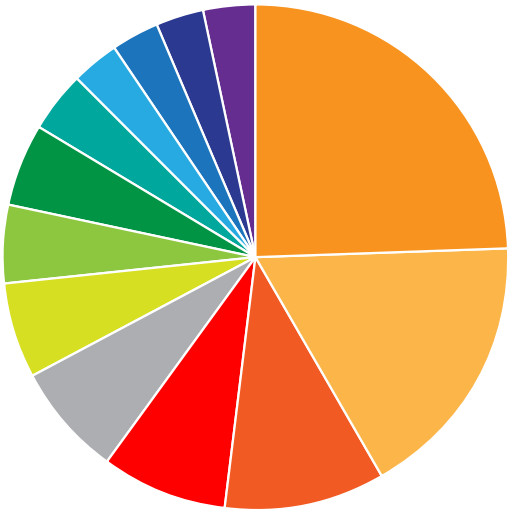
Breaking down the survey



Technology - Software/Services	24%
Agency & Marketing Services	17%
Business/Professional Services	10%
Consumer Products/Goods	8%
Finance	7%
Healthcare/Pharma	6%
Gov/Non-Profit/Assoc/Education	5%
Retail/Ecommerce	5%
Insurance	4%
Manufacturing/Wholesale	3%
Media/Publishing	3%
Travel/Hospitality	3%
Other	3%

N=177

Source: MarTech (martech.org)

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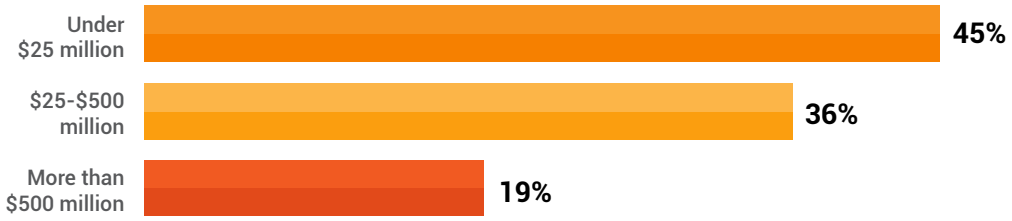
What is your company's annual revenue?



Source: MarTech (martech.org)

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The survey comprised 11 questions related to marketing platform replacement, plus a few questions enabling us to categorize the respondents and the companies for which they work.

- Unsurprisingly, over 40% of respondents identified their businesses as technology software/services (24%) or agency and marketing services (17%). The only other vertical to reach double figures was business/professional services (10%). Interestingly, only 5% of respondents aligned themselves with retail/e-commerce, although commerce solutions were certainly upgraded in the period under consideration.

- Just over 45% of the companies represented had annual revenues below $15 million, but 19% had more than $500 million, which means good representation in the survey for enterprises even though they were in the minority.

- B2B companies were in the clear majority (52%); the rest were evenly divided between B2C and B2B/B2C (around 24% each).

- 65% of respondents were based in the United States; over 70% in North America. No other locations reached a double figure percentage.

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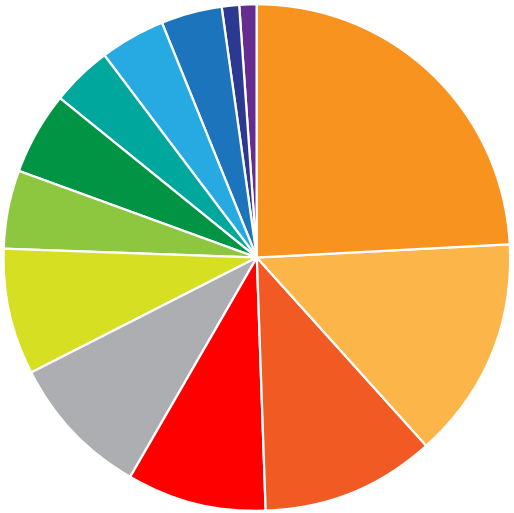
Respondent job titles



Marketing management	24%
Executive management	14%
Marketing operations management	11%
Consultant	9%
Marketing operations	9%
Marketing staff	8%
Agency management	5%
Agency operations	5%
IT management	4%
IT operations	4%
Other	4%
Sales	1%
Sales operations	1%

N=177

Source: MarTech (martech.org)

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- The biggest slice was marketing management, accounting for 24% of those surveyed. 8% identified as marketing staff.
- 14% identified as executive management.
- 9% were consultants.
- Marketing operations representation was divided between 11% management and 9% marketing operations staff.
- Agency management and operations both came in at 5%.
- Similarly, IT management and staff both registered 4%.
- There was a small showing from sales and sales operations (both under 2%).

The survey was mostly taken, then, by executives, managers and consultants. These leading groups switched places over the year. In the 2019 survey, most respondents identified as executive management, with marketing management in second place.

The small showing by IT likely reflects the MarTech audience, although IT involvement was strikingly down in comparison with the 2019 survey where 12% identified as IT management.

We had expected a higher response from marketing operations, but that field is still defining itself and its role within the overall marketing team. Nevertheless the numbers were slightly up compared to 2020.

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About Third Door Media

Third Door Media empowers digital marketing professionals by providing trusted content and educational services. The company publishes MarTech and Search Engine Land, which are leading trade publications for marketers. It also is the producer of the MarTech Conference and Search Marketing Expo – SMX conference series.

The company is also a leading provider of marketing solutions to purveyors of software and services to the marketing community. Those services include lead generation, content creation and content amplification.

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Editor, chiefmartec.com

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